

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 IO-13 ADP-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 OMB-01 OIC-04

AF-10 ARA-16 EA-11 NEA-10 RSR-01 /234 W

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R 311804Z JUL 73

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 8302

INFO AMEMBASSY BONN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY COPENHAGEN

USMISSION GENEVA

USMISSION EC BRUSSELS UNN

USMISSION OECD PARIS UNN

C O N F I D E N T I A L BRUSSELS 4406

E.O.11652: GDS

TAGS: ETRD, EEC, GATT, BE

SUBJECT: ARTICLE 24:6 NEGOTIATIONS AND OTHER GATT MATTERS

REF: STATE 143243

SUMMARY: THYSBAERT OF FOREIGN MINISTRY CABINET, WHO ATTENDED JULY 23-24 EC COUNCIL MEETING, ASSURED US BELGIUM HAD NO TROUBLE IN GOING ALONG WITH COMMISSION'S PROPOSALS ON LIST FOR ARTICLE 24:6. HE EXPECTED, HOWEVER, THAT FURTHER STUDY BY EXPERTS WILL RESULT IN REDUCTION OF ITEMS ON WHICH CONCESSIONS
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WOULD BE OFFERED. HE RECOGNIZED HOW DIFFICULT IT IS FOR

US TO ACCEPT EC APPROACH BUT SAW ONLY OUTSIDE CHANCE OF FURTHER IMPROVEMENT OF EC OFFER. IN HIS OPINION THE PROBLEMS OF OTHER EC MEMBERS COULD BE OVERCOME EXCEPT FOR FRANCE. THYSBAERT ALSO EXPRESSED TO US CONCERN OVER POSSIBILITY OF UNILATERAL FRENCH DECLARATION AT TOKYO AND TOLD US BELGIUM AGREES WITH US POSITION ON LINK BETWEEN MTN AND MONETARY REFORM. END SUMMARY.

1. DURING CONVERSATION JULY 31 WITH THYSBAERT, ASSISTANT CHIEF DE CABINET, FOREIGN MINISTRY, WHO ATTENDED JULY 23-24 COUNCIL MEETING, HE TOLD US BELGIANS HAD DROPPED THEIR RESERVATIONS ON THREE ITEMS ON THE COMMISSION'S LIST ARTICLE 24:6 COMPENSATION. THYSBAERT WAS OF THE OPINION THAT MAIN PROBLEM WAS FRANCE AND THAT RESERVATIONS OF OTHER MEMBERS COULD BE EASILY OVERCOME (ODDLY ENOUGH HE DID NOT CITE ITALY AS A SPECIAL PROBLEM). HE EXPRESSED DOUBT THAT THE BRITISH PROPOSAL TO ADD SEVERAL ITEMS OF INTEREST TO US WOULD EVER BE ACCEPTABLE TO THE OTHER COMMUNITY MEMBERS. THE PERSONNALLY FEARED THAT THE LIST WOULD BE SOMEWHAT REDUCED DURING THE EXPERTS STUDY REQUESTED BY THE COUNCIL.

2. WE EXPRESSED CONCERN OVER REDUCTION IN A LIST WHICH WE ALREADY UNDERSTOOD TO BE MODEST. THYSBAERT RECOGNIZED THE DIFFICULTY FOR THE US OF BEING PRESENTED WITH A "FAIT ACCOMPLI" RATHER THAN A NEGOTIATED SOLUTION. CONCEPTIONALLY, HE THOUGHT IT WAS DIFFICULT TO APPROACH THE PROBLEM IN ANY OTHER WAY, TAKING OFF FROM THE POSITION THAT THE COMMUNITY DID NOT OWE THE US ANYTHING BASED ON A MATHEMATICAL CALCULATION. IN SPITE OF THIS, IT WAS POSSIBLE TO FIND ON THE LIST FIVE ITEMS WHERE IT WOULD BE DIFFICULT TO IDENTIFY SUFFICIENT NON-US INTEREST TO JUSTIFY A CONCESSION. THYSBAERT SAID IT WAS REMOTELY POSSIBLE THAT SOMETHING COULD BE ADDED TO THE COMMUNITY LIST EVEN AFTER IT WAS APPROVED, ALTHOUGH HE WAS NOT OPTIMISTIC.

3. SOMEWHAT PHILOSOPHICALLY THYSBAERT COMMENTED THAT THE COMMISSION HAD TRIED TO DEAL WITH THREE PROBLEMS AT THE SAME TIME: COMPENSATION FOR COUNTRIES WHICH WERE CONSIDERED ENTITLED TO COMPENSATION BASED ON A MATHEMATICAL CALCULATION; AN EQUITABLE DISTRIBUTION OF BURDEN AMONG THE MEMBERS IN CHOOSING ITEMS FOR COMPENSATION; AND SATISFACTION TO THE

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US EVEN THOUGH THE EC CONSIDERED IT OWED NOTHING TO THE US. HE SAID SOME MEMBERS (AND FRANCE WAS NOT ALONE IN THIS) BELIEVED TOO MUCH EMPHASIS HAD BEEN PLACED ON THIRD OBJECTIVE.

4. TURNING TO BROADER GATT PROBLEMS, THYSBAERT WAS CONCERNED OVER THE POSSIBILITY THAT GISCARD MIGHT MAKE A UNILATERAL DECLARATION IN TOKYO. HE THOUGHT THIS COULD BE DAMAGING

SINCE IT WOULD ONLY LEAD TO OTHER "UNILATERAL" STATEMENTS WHICH COULD SOUR THE ATMOSPHERE OF FURTHER TRADE NEGOTIATIONS. WE SUGGESTED TO THYSBAERT THAT IT MIGHT INDEED BE AN UNHAPPY EXPERIENCE FOR THE OTHER EIGHT MEMBERS OF THE COMMUNITY TO HAVE THE FRENCH MAKE A UNILATERAL STATEMENT ALIEN TO THE PHILOSOPHY OF THE EIGHT.

5. THYSBAERT ALSO RAISED QUESTION OF MONETARY-TRADE LINK. WE NOTED OUT THAT OUR TRADING PARTNERS FREQUENTLY POINTED OUT THAT THE PURPOSE OF TRADE NEGOTIATIONS WAS NOT TO SEEK UNILATERAL ADVANTAGE OF ANY PARTY FOR THE IMPROVEMENT OF ITS BALANCE OF TRADE OR BALANCE OF PAYMENTS. WE SUGGESTED THAT IN TRADE NEGOTIATIONS WE WERE DEALING WITH THE LONG-TERM STRUCTURE OF THE INTERNATIONAL TRADING SYSTEM AND SHOULD NOT BE DIVERTED BY TEMPORARY INCIDENTS OR ACCIDENTS ON THE INTERNATIONAL MONETARY SCENE. WE DOUBTED THAT LONGER TERM MONETARY DEVELOPMENTS COULD RUN COUNTER TO THE OBJECTIVES OF INTERNATIONAL TRADE LIBERALIZATION. THYSBAERT TOLD US BELGIUM AGREED WITH THE US ON THIS. BOOCHEVER

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